

EXHIBIT B

HENRY AGREEMENT

Borders Group, Inc.
100 Phoenix Dr.
Ann Arbor, MI 48108



T(734) 477-1661

October 11, 2010

Scott D. Henry
9909 Moon Valley Place
Las Vegas, NV 89134

Dear Scott:

This letter is to confirm the details of our offer of employment as the Executive Vice President, Chief Financial Officer reporting to me. Scott, I am excited about the strategic vision you bring to this challenging opportunity and look forward to a speedy response to this offer and a start date within the next two weeks.

Compensation:

- Your gross biweekly salary will be \$23,076.92, which is \$600,000 annualized. Your performance and salary will be reviewed annually with your next performance review occurring in April 2011.
- Additionally, we will provide a one-time sign on bonus of \$100,000 less appropriate taxes. This special bonus will be paid with your first paycheck after your start date.
- Your cash incentive opportunity as a percentage of salary is 20% at threshold, 80% at target, and 160% at maximum. As an EVP, your bonus will be based on targets set by the Board of Directors.
 - We will guarantee your incentive at \$200,000 for Fiscal 2010. Fifty percent or \$100,000 will be paid no later than April 1, 2011 and the remainder will be paid on the first anniversary of your employment with Borders. Should the Board of Directors determine that a higher percentage incentive is warranted, you will earn that higher percentage pro-rated for your time with the Company.
- Under the Borders Group, Inc. 2004 Long-Term Incentive Plan (the "Plan") subject to the approval of the Compensation Committee of the Board of Directors, you will receive a stock option grant for 300,000 shares which cliff vest 100% after three years and a restricted stock grant of 200,000 shares which vest one third per year over the next three years. The options and restricted stock are granted at the closing price of share of the Company's stock on the day prior to the effective date of the grant.

- You will be covered by a severance agreement in the form attached that provides salary protection (annual base salary) for up to one year plus any bonus earned and healthcare benefits in the event your employment is terminated by the Company other than for cause or disability or by you for good reason as defined in the agreement and for two years plus target bonus and healthcare benefits in the event of a change of control.
- Additionally, you will be asked to execute a Non-Compete agreement in the form attached on your first day of employment.

Benefits:

- Healthcare: You are eligible to participate in our healthcare benefits including medical, dental and vision beginning the first of the month following one month of employment.
- Paid Time Off: The vacation plan year begins February 1 and ends January 31. As an Officer, you will be eligible for four (4) weeks vacation each vacation plan year. Additionally, all regular, full-time employees are eligible for sick/personal days each Personal Time Plan Year.
- Executive Long Term Disability Plan: Effective the first of the month following your date of hire, the ELTD plan provides 60% income replacement to a monthly maximum of \$15,000 and is entirely by the Company
- 401(K) Savings Plan: You may invest up to 50% of pay on a pre-tax and/or after tax basis. Currently, the Company is not providing a match, however we hope to restore matching in 2011.

Commuting and Relocation:

- We understand that you will need to commute from Las Vegas for a period of time. We will provide you with a monthly allowance of up to \$5000 based on actual expenses to subsidize this cost for the first twelve months. This allowance may be reviewed at the end of twelve months for renewal if necessary.

Note: We anticipate that you will need to spend at least two days a week in New York each week. The cost of that travel will be fully covered by the Company.

- At the time of relocation, we will provide you with our full relocation program which includes a relocation allowance intended to assist with the cost of the real estate transactions as well as packing and moving your household goods.

Other Agreements:

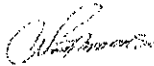
- We agree that you may be a director on up to 2 public or private corporation's Board of Directors as long as these responsibilities do not interfere with your primary duties at Borders. You agree to inform me of which Boards you serve on and the time commitment required.
- We understand that it will take you some time to complete your current consulting assignments and that these assignments will not interfere with the performance of your primary duties at Borders.

- We agree that the following language currently in our standard severance agreement will not be applicable to you in the case of termination for other than just cause: *"You agree to make reasonable efforts to seek (and to immediately notify the Company of) other employment and to the extent that you receive compensation from other employment, the severance payments provided herein shall be correspondingly reduced."*

Please note: If there is a conflict or discrepancy between this document and the Corporate Office Employee Handbook and/or the benefit plans Plan documents, those documents will prevail. This letter contains all of the terms and conditions of your offer of employment and is contingent upon successful completion of background checks. Your employment with the Company is at-will and neither this letter nor any other oral or written representations may be considered a contract for any specific period of time.

Scott, we have significant challenges ahead of us and I know that you will add a great deal to our team. On behalf of Borders Group, Inc., I look forward to your positive response. If you have any questions, please contact Rosalind at 734-477-1384 or me at 734-477-1661.

Sincerely,



Mike Edwards
CEO

My signature below indicates acceptance of employment as outlined in this letter.


Scott Henry

10-13-10
Date